

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 19, 2007

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**Merrill Lynch & Co., Inc.**

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(Exact Name of Registrant as Specified in its Charter)

Delaware	1-7182	13-2740599
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(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
4 World Financial Center, New York, New York		10080
-----	-----	-----
(Address of Principal Executive Offices)		(Zip Code)
Registrant's telephone number, including area code:	(212) 449-1000	
-----	-----	-----
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(Former Name or Former Address, if Changed Since Last Report.)		

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act

(17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act

(17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

On April 19, 2007, Merrill Lynch & Co., Inc. (Merrill Lynch) announced its results of operations for the three-month period ended March 30, 2007. A copy of the related press release is filed as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference. A Preliminary Unaudited Earnings Summary, Reconciliation of "Non-GAAP" Measures and Segment Data for the three-month period ended March 30, 2007 and supplemental quarterly data for Merrill Lynch are filed as Exhibit 99.2 to this Form 8-K and are incorporated herein by reference.

This information furnished under this Item 2.02, including Exhibits 99.1 and 99.2, shall be considered "filed" for purposes of the Securities Exchange Act of 1934, as amended.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

99.1 Press release dated April 19, 2007 issued by Merrill Lynch & Co., Inc.

99.2 Preliminary Unaudited Earnings Summary, Reconciliation of "Non-GAAP" Measures and Segment Data for the three-month period ended March 30, 2007 and supplemental quarterly data.

\* \* \*

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**MERRILL LYNCH & CO., INC.**

(Registrant)

By: /s/ Jeffrey N. Edwards

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Jeffrey N. Edwards  
Senior Vice President and  
Chief Financial Officer

By: /s/ Laurence A. Tosi

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Laurence A. Tosi  
Senior Vice President and Finance  
Director  
Principal Accounting Officer

Date: April 19, 2007

EXHIBIT INDEX

Exhibit No. -----	Description -----	Page ----
99.1	Press release dated April 19, 2007 issued by Merrill Lynch & Co., Inc.	5-11
99.2	Preliminary Unaudited Earnings Summary, Reconciliation of "Non-GAAP" Measures and Segment Data for the three-month period ended March 30, 2007 and supplemental quarterly data.	12-17

Exhibit 99.1

Merrill Lynch Reports First Quarter 2007 Results:  
Net Revenues of \$9.9 Billion, up 24% from 1Q06

Record Net Revenues from FICC, Equity Markets and Investment Banking Businesses

Net Earnings Per Diluted Share of \$2.26, up 37%, Excluding One-Time Expenses in 1Q06

**Return on Average Common Equity of 23.3%**

NEW YORK--(BUSINESS WIRE)--April 19, 2007--Merrill Lynch (NYSE: MER) today reported strong growth in net earnings and earnings per diluted share for the first quarter of 2007, driven by net revenues of \$9.9 billion. Net revenues were up 24% from the prior-year period and up 14% from the fourth quarter of 2006, with increases both year-over-year and sequentially in both Global Markets and Investment Banking (GMI) and Global Wealth Management (GWM), and in all global regions. These are the second-highest quarterly net revenues Merrill Lynch has ever generated, only \$51 million lower than in the third quarter of 2006, when net revenues included a \$2.0 billion one-time, pre-tax gain arising from the merger of Merrill Lynch Investment Managers (MLIM) with BlackRock, Inc. (NYSE: BLK).

First quarter 2007 net earnings per diluted share were \$2.26, up 414% from \$0.44 for the first quarter of 2006, or 37% on an operating basis which excludes \$1.2 billion, after taxes, of one-time

compensation expenses from the 2006 first quarter. Net earnings per diluted share were down 6% from \$2.41 for the fourth quarter of 2006. First quarter 2007 net earnings were \$2.2 billion, up 354% from the first quarter of 2006, or up 31% excluding the one-time expenses in the prior-year period. Net earnings were down 8% from the fourth quarter of 2006, which included a lower compensation expense ratio. The pre-tax profit margin for the first quarter of 2007 was 31.4%, and the annualized return on average common equity was 23.3%. At the end of the first quarter, book value per share was \$41.95, up 13% from the end of the first quarter of 2006 and 1% from the end of 2006.

"This was a terrific quarter. In an environment which was volatile at times, we took full advantage of market opportunities and delivered value to our clients and our shareholders," said Stan O'Neal, chairman and chief executive officer. "Our product capabilities and geographic reach are stronger and broader now than at any point in our history, and we continue to make investments to further enhance our franchise. We remain focused on disciplined growth to capitalize on the positive secular trends we continue to see unfold."

### **Business Segment Review:**

In the first quarter of 2006, Merrill Lynch recorded \$1.8 billion, before taxes (\$1.2 billion after taxes), in one-time compensation expenses. These expenses were recorded in the business segments as follows: \$1.4 billion to Global Markets and Investment Banking, \$281 million to Global Wealth Management and \$109 million to Merrill Lynch Investment Managers (which ceased to exist as a business segment upon its merger with BlackRock). Comparisons to that period in the following discussion of business segment results exclude the impact of these one-time expenses. A reconciliation of these segment results appears on Attachment III to this release.

### **Global Markets and Investment Banking (GMI)**

GMI generated record revenues, both overall and in each of its three major business lines, for the first quarter of 2007, as the business continued to execute on targeted organic and inorganic investments for diversification and profitable growth, executed with strong operating discipline in a favorable market environment. Non-U.S. revenues, which continue to comprise more than half of GMI's total net revenues, grew significantly faster than U.S. revenues in the period.

-- GMI's first quarter 2007 net revenues were a record \$6.5 billion, up 43% from the year-ago quarter. Compared with the first quarter of 2006, net revenues increased in all three major business lines:

-- Fixed Income, Currencies and Commodities (FICC) net revenues increased 36% to a record \$2.8 billion driven by nearly every major revenue category, as revenues from credit products, real estate, interest rate products and currencies grew to record levels. Revenues from trading commodities also increased significantly. Revenues from mortgage-related activities declined, resulting from a difficult environment for the origination, securitization and trading of non-prime mortgage loans and securities in the U.S. Revenues from activities related to U.S. non-prime mortgages, in aggregate, comprised less than 1% of Merrill Lynch's total net revenues over the past five quarters.

-- Equity Markets net revenues increased 50% to a record \$2.4 billion, driven by every major business line, including a strong increase from private equity and record revenues from both the equity-linked and proprietary trading businesses.

-- Investment Banking net revenues increased 47% to a record \$1.4 billion, as record revenues in debt origination were complemented by strong growth in revenues from both merger and acquisition advisory services and equity origination.

-- Pre-tax earnings for GMI were \$2.3 billion, up 48% from the year-ago quarter, driven by the strong revenue growth. The first quarter 2007 pre-tax profit margin was 35.8%, up from 34.7% in the prior-year period.

### **Global Wealth Management (GWM)**

GWM generated strong revenue and pre-tax earnings growth in the first quarter of 2007. The growth was driven by Global Private Client (GPC), which increased its net revenues year-over-year for the tenth consecutive quarter, as well as by the contribution of Global Investment Management (GIM), including earnings from Merrill Lynch's investment in BlackRock. GPC continues to focus on delivering a superior product and service offering, positioning Merrill Lynch Financial Advisors (FAs) as essential partners to their clients. GPC also continues to invest in technology to further enhance both the efficiency and effectiveness of the FA force, and to invest in growing the FA census globally.

-- GWM's first quarter 2007 net revenues were \$3.4 billion, up 16% from the first quarter of 2006:

-- GPC's net revenues increased 11% to \$3.1 billion, driven by every major revenue category, including record fee-based revenues, which reflected higher asset values and net flows into annuitized-revenue products. Transaction and origination revenues also increased, driven by new issue origination activity, and net interest revenues grew to a new record level.

-- GIM's net revenues increased 151% to \$261 million, due primarily to revenues from Merrill Lynch's investment in BlackRock, which began to contribute to revenues during the 2006 fourth quarter, as well as increases in revenues from Merrill Lynch's ownership positions in other investment management companies and the business that creates alternative investment products for GPC clients.

-- Pre-tax earnings for GWM in the first quarter of 2007 were \$842 million, up 31% from the first quarter of 2006, driven by the growth in revenues. The pre-tax profit margin was 24.7%, up from 21.9% in the prior-year period, driven by the impact of the investment in BlackRock.

-- Turnover among FAs, especially top-producing FAs, remained low. FA headcount reached 15,930 at quarter-end, as GPC continued to exercise discipline in recruiting and training high-quality FAs.

-- Client assets in products that generate annuitized revenues ended the quarter at \$633 billion, up 13% from the first quarter of 2006, and total client assets in GWM accounts were a record \$1.6 trillion, up 10%. Net inflows of client assets into annuitized-revenue products were \$16 billion for the first quarter, and total net new money was \$16 billion.

-- On January 29, Merrill Lynch announced that it had reached a definitive agreement to acquire First Republic Bank (NYSE: FRC), a private banking and wealth management firm focused on high-net-worth individuals and their businesses, for approximately \$1.8 billion in cash and stock.

### **Merrill Lynch Investment Managers (MLIM)**

On September 29, 2006, Merrill Lynch merged MLIM with BlackRock in exchange for a total of 65 million common and preferred shares in the newly combined BlackRock, representing an economic interest of approximately half. Following the merger, the MLIM business segment ceased to exist, and under the equity method of accounting, an estimate of the net earnings associated with Merrill Lynch's ownership position in BlackRock is recorded in the GIM portion of the GWM segment. For the first quarter of 2006, MLIM's net revenues were \$570 million, and its pre-tax earnings were \$222 million.

### **Additional Items:**

#### **Compensation Expenses**

Compensation and benefits expenses were \$4.9 billion, or 49.6% of net revenues for the first quarter of 2007. Excluding the one-time compensation expenses in the first quarter of 2006, compensation and benefits expenses for that prior-year period were \$4.0 billion, or 50.1% of net revenues.

#### **Non-compensation Expenses**

Overall, non-compensation expenses were \$1.9 billion for the first quarter of 2007, up 15% from the year-ago quarter. Total non-compensation expenses decreased 3% sequentially primarily due to lower professional fees and litigation provisions.



Non-compensation expenses as a percentage of net revenues further decreased, to 19.0% in the 2007 first quarter, from 29.4% in the 2006 first quarter. Details of the significant changes in non-compensation expenses from the first quarter of 2006 are as follows:

- Brokerage, clearing, and exchange fees were \$310 million, up 20% due primarily to higher transaction volumes.
- Occupancy costs and related depreciation were \$265 million, up 10% due principally to higher office rental expenses and office space added via acquisitions.
- Professional fees were \$225 million, an increase of 13% due to higher legal and other professional fees associated with increased business activity levels.
- Advertising and market development costs were \$158 million, up 10% due primarily to higher travel expenses associated with increased business activity levels.
- Expenses of consolidated investments totaled \$59 million, up from \$47 million due principally to increased expenses associated with the related increase in revenues from consolidated investments.
- Other expenses were \$316 million, up 39% due primarily to increased minority interest expenses associated with private equity investments and increased charitable contributions; partially offset by lower litigation provisions.

#### **Income Taxes**

Merrill Lynch's first quarter effective tax rate was 30.3%, compared with 19.9% for the first quarter of 2006, or 29.8% excluding the one-time compensation expenses.

#### **Share Repurchases**

As part of its active management of equity capital, Merrill Lynch repurchased 22.4 million shares of its common stock for \$2.0 billion during the first quarter of 2007, leaving \$1.2 billion remaining of the \$5 billion repurchase program authorized in October 2006.

#### **Staffing**

Merrill Lynch's full-time employees totaled 60,300 at the end of the first quarter of 2007, a net increase of 4,100 during the quarter, due principally to the acquisition of the First Franklin mortgage origination and servicing platforms at the beginning of the quarter.

Jeff Edwards, senior vice president and chief financial officer, will host a conference call today at 11:00 a.m. ET to discuss the company's 2007 first quarter results. The conference call can be accessed via a live audio webcast available through the Investor Relations website at [www.ir.ml.com](http://www.ir.ml.com) or by dialing (888) 810-0245 (U.S. callers) or (706) 634-0180 (non-U.S. callers). On-demand replay of the webcast will be available from approximately 2:00 p.m. ET today at the same web address.

Merrill Lynch is one of the world's leading wealth management, capital markets and advisory companies with offices in 57 countries and territories and total client assets of approximately \$1.6 trillion. As an investment bank, it is a leading global trader and underwriter of securities and derivatives across a broad range of asset classes and serves as a strategic advisor to corporations, governments, institutions and individuals worldwide. Merrill Lynch owns approximately half of BlackRock, one of the world's largest publicly traded investment management companies with more than \$1 trillion in assets under management. For more information on Merrill Lynch, please visit [www.ml.com](http://www.ml.com).

Merrill Lynch may make forward-looking statements, including, for example, statements about management expectations, strategic objectives, growth opportunities, business prospects, investment banking pipelines, anticipated financial results, the impact of off balance sheet arrangements, significant contractual obligations, anticipated results of litigation and regulatory investigations and proceedings, and other similar matters. These forward-looking statements are not statements of historical facts and represent only Merrill Lynch's beliefs regarding future performance, which is inherently uncertain. There are a variety of factors, many of which are beyond Merrill Lynch's control, which affect the operations, performance, business strategy and results and could cause its actual results and experience to differ materially from the expectations and objectives expressed in any forward-looking statements. These factors include, but are not limited to, financial market volatility; actions and initiatives taken by current and potential competitors; general economic conditions; the effect of current, pending and future legislation, regulation, and regulatory actions; and the other additional factors described in the Risk Factors section of Merrill Lynch's Annual Report on Form 10-K for the fiscal year ended December 29, 2006 and also disclosed from time to time in its subsequent reports on Form 10-Q and 8-K, which are available on the Merrill Lynch Investor Relations website at [www.ir.ml.com](http://www.ir.ml.com) and at the SEC's website, [www.sec.gov](http://www.sec.gov).

Accordingly, readers are cautioned not to place undue reliance on forward-looking statements, which speak only as of the date on which they are made. Merrill Lynch does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements are made. The reader should, however, consult any further disclosures Merrill Lynch may make in its future filings of its reports on Form 10-K, Form 10-Q and Form 8-K.

Merrill Lynch may also, from time to time, disclose financial information on a non-GAAP basis where management believes this information will be valuable to investors in gauging the quality of Merrill Lynch's financial performance and identifying trends.

## Exhibit 99.2

## Merrill Lynch &amp; Co., Inc. Attachment I

## Preliminary Unaudited Earnings Summary

(in millions, except per share amounts)	For the Three Months Ended			Percent Inc / (Dec)	
	March 30, 2007	December 29, 2006	March 31, 2006	1Q07 vs. 4Q06	1Q07 vs. 1Q06
Net Revenues					
Principal transactions	\$ 2,734	\$ 2,193	\$1,988	25 %	38 %
Commissions	1,697	1,512	1,560	12	9
Investment banking	1,514	1,514	1,023	0	48
Managed accounts and other fee-based revenues	1,354	1,305	1,679	4	(19)
Revenues from consolidated investments	131	70	104	87	26
Other	1,083	821	553	32	96
Subtotal	8,513	7,415	6,907	15	23
Interest and dividend revenues	12,962	11,544	8,664	12	50
Less interest expense	11,621	10,350	7,599	12	53
Net interest profit	1,341	1,194	1,065	12	26
Total Net Revenues	9,854	8,609	7,972	14	24
Non-Interest Expenses					
Compensation and benefits	4,887	3,324	5,750	47	(15)
Communications and technology	480	477	453	1	6
Brokerage, clearing, and exchange fees	310	294	259	5	20
Occupancy and related depreciation	265	249	241	6	10
Professional fees	225	264	200	(15)	13
Advertising and market development	158	193	144	(18)	10
Expenses of consolidated investments	59	46	47	28	26
Office supplies and postage	59	59	57	0	4
Other	316	347	228	(9)	39
Total Non-Interest Expenses	6,759	5,253	7,379	29	(8)
Earnings Before Income Taxes	3,095	3,356	593	(8)	422
Income tax expense	937	1,010	118	(7)	694
Net Earnings	\$ 2,158	\$ 2,346	\$ 475	(8)	354
Preferred Stock Dividends	\$ 52	\$ 50	\$ 43	4	21
Net Earnings Applicable to Common Stockholders	\$ 2,106	\$ 2,296	\$ 432	(8)	388
Earnings Per Common Share					
Basic	\$ 2.50	\$ 2.71	\$ 0.49	(8)	410
Diluted	\$ 2.26	\$ 2.41	\$ 0.44	(6)	414

Average Shares Used in Computing Earnings Per Common Share					
Basic	841.2	847.4	883.7	(1)	(5)
Diluted	930.2	952.2	981.1	(2)	(5)
Annualized Return on Average Common Equity					
	23.3%	25.6%	5.1%		

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Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

# Reconciliation of Non-GAAP Measures

Merrill Lynch adopted Statement of Financial Accounting Standards No.

123 (as revised in 2004) for stock-based employee compensation during the first quarter 2006. Additionally, as a result of a comprehensive review of the retirement provisions in its stock-based compensation plans, Merrill Lynch also modified the retirement eligibility requirements of existing stock awards in order to facilitate transition to more stringent retirement eligibility requirements for future stock awards. These modifications and the adoption of the new accounting standard required Merrill Lynch to accelerate the recognition of compensation expenses for affected stock awards, resulting in the "one-time compensation expenses." These changes represent timing differences and are not economic in substance. Management believes that while the results excluding the one-time expenses are considered non-GAAP measures, they depict the operating performance of the company more clearly and enable more appropriate period-to-period comparisons.

Preliminary Unaudited Earnings Summary	For the Three Months Ended March 31, 2006		
	Excluding the Impact of One-time Compensation Expenses	First Quarter Impact of One-time Compensation Expenses	GAAP Basis
(in millions, except per share amounts)			
Net Revenues (a)	\$7,972	\$ -	\$7,972
Non-Interest Expenses			
Compensation and benefits (b)	3,991	1,759	5,750
Non-compensation expenses (c)	1,629	-	1,629
Total Non-Interest Expenses	5,620	1,759	7,379
Earnings Before Income Taxes (d)	2,352	(1,759)	593
Income Tax Expense (e)	700	(582)	118
Net Earnings	\$1,652	\$(1,177)	\$ 475
Preferred Stock Dividends	\$ 43	\$ -	\$ 43
Net Earnings Applicable to Common Stockholders	\$1,609	\$(1,177)	\$ 432
Earnings Per Common Share			
Basic	\$ 1.83	\$ (1.34)	\$ 0.49
Diluted	\$ 1.65	\$ (1.21)	\$ 0.44
Average Shares Used in Computing Earnings Per Common Share			
Basic	878.0	5.7	883.7
Diluted	975.4	5.7	981.1
Financial Ratios			
	For the Three Months Ended March 31, 2006		
	Excluding the Impact of One- time Compensation Expenses	GAAP Basis	
Ratio of compensation and benefits to net revenues (b)/(a)	50.1%	72.1%	
Ratio of non-compensation expenses to net revenues (c)/(a)	20.4%	20.4%	
Effective Tax Rate (e)/(d)	29.8%	19.9%	

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Average Common Equity	\$33,800	\$33,800
Average impact of one-time compensation expenses	(145)	-
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Average Common Equity	33,655	33,800
Annualized Return on Average Common Equity	19.1%	5.1%

Preliminary Segment Data  
(unaudited)

	For the Three Months Ended			Percent Inc / (Dec)	
	March 30, 2007	December 29, 2006	March 31, 2006	1Q07 vs. 4Q06	1Q07 vs. 1Q06
(dollars in millions)					
Global Markets & Investment Banking					
Global Markets					
FICC	\$ 2,801	\$ 2,303	\$ 2,058	22%	36%
Equity Markets	2,386	1,761	1,587	35	50
Total Global Markets net revenues	5,187	4,064	3,645	28	42
Investment Banking (1)					
Origination:					
Debt	591	540	428	9	38
Equity	363	475	237	(24)	53
Strategic Advisory Services	399	286	257	40	55
Total Investment Banking net revenues	1,353	1,301	922	4	47
Total net revenues (a)	6,540	5,365	4,567	22	43
Pre-tax earnings	2,343	2,598	216	(10)	985
Impact of one-time compensation expenses	-	-	1,369	N/M	N/M
Pre-tax earnings excluding one-time compensation expenses (b)	2,343	2,598	1,585	(10)	48
Pre-tax profit margin	35.8%	48.4%	4.7%		
Pre-tax profit margin excluding one-time compensation expenses (b)/(a)	35.8%	48.4%	34.7%		
Global Wealth Management					
Global Private Client					
Fee-based revenues	\$ 1,539	\$ 1,523	\$ 1,387	1 %	11 %
Transactional and origination revenues	903	890	861	1	5
Net interest profit and related hedges (2)	604	569	527	6	15
Other revenues	97	94	56	3	73
Total Global Private Client net revenues	3,143	3,076	2,831	2	11
Global Investment Management net revenues	261	211	104	24	151
Total net revenues(a)	3,404	3,287	2,935	4	16
Pre-tax earnings	842	759	361	11	133
Impact of one-time compensation expenses	-	-	281	N/M	N/M
Pre-tax earnings excluding one-time compensation expenses(b)	842	759	642	11	31
Pre-tax profit margin	24.7%	23.1%	12.3%		
Pre-tax profit margin excluding one-time compensation expenses (b)/(a)	24.7%	23.1%	21.9%		
Merrill Lynch Investment Managers					
Total net revenues(a)	\$ -	\$ -	\$ 570	N/M	%N/M %



Pre-tax earnings	-	-	113	N/M	N/M
Impact of one-time compensation expenses	-	-	109	N/M	N/M
-----					
Pre-tax earnings excluding one-time compensation expenses(b)	-	-	222	N/M	N/M
Pre-tax profit margin			19.8%		
Pre-tax profit margin excluding one-time compensation expenses (b)/(a)			38.9%		
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Corporate					
Total net revenues	\$ (90)	\$ (43)	\$ (100)	(109)%	10 %
-----					
Pre-tax earnings	(90)	(1)	(97)	N/M	7
-----					
Total					
Total net revenues (a)	\$ 9,854	\$ 8,609	\$ 7,972	14 %	24 %
-----					
Pre-tax earnings	3,095	3,356	593	(8)	422
Impact of one-time compensation expenses	-	-	1,759	N/M	N/M
-----					
Pre-tax earnings excluding one-time compensation expenses(b)	3,095	3,356	2,352	(8)	32
Pre-tax profit margin	31.4%	39.0%	7.4%		
Pre-tax profit margin excluding one-time compensation expenses (b)/(a)	31.4%	39.0%	29.5%		
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N/M = Not Meaningful					

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

(1) A portion of Origination revenue is recorded in the Global Wealth Management segment.

(2) Includes interest component of non-qualifying derivatives which are included in Other Revenues.

Consolidated Quarterly Earnings  
(unaudited)

(in millions)

	1Q06	2Q06	3Q06	4Q06	1Q07
Net Revenues					
Principal transactions	\$ 1,988	\$1,180	\$ 1,673	\$ 2,193	\$ 2,734
Commissions					
Listed and over-the-counter securities	948	982	824	912	1,066
Mutual funds	490	470	426	485	521
Other	122	90	88	115	110
Total	1,560	1,542	1,338	1,512	1,697
Investment banking					
Underwriting	778	924	660	1,227	1,117
Strategic advisory	245	297	262	287	397
Total	1,023	1,221	922	1,514	1,514
Managed accounts and other fee-based revenues					
Portfolio service fees	747	797	801	833	872
Asset management fees	619	641	657	150	145
Account fees	111	114	113	115	111
Other fees	202	221	211	207	226
Total	1,679	1,773	1,782	1,305	1,354
Revenues from consolidated investments	104	186	210	70	131
Other	553	1,112	773	821	1,083
Subtotal	6,907	7,014	6,698	7,415	8,513
Interest and dividend revenues	8,664	9,690	10,690	11,544	12,962
Less interest expense	7,599	8,531	9,452	10,350	11,621
Net interest profit	1,065	1,159	1,238	1,194	1,341
Gain on merger	-	-	1,969	-	-
Total Net Revenues	7,972	8,173	9,905	8,609	9,854
Non-Interest Expenses					
Compensation and benefits	5,750	3,980	3,949	3,324	4,887
Communications and technology	453	429	485	477	480
Brokerage, clearing, and exchange fees	259	266	278	294	310
Occupancy and related depreciation	241	249	259	249	265
Professional fees	200	196	224	264	225
Advertising and market development	144	191	164	193	158
Expenses of consolidated investments	47	145	142	46	59
Office supplies and postage	57	57	53	59	59
Other	228	311	223	347	316
Total Non-Interest Expenses	7,379	5,824	5,777	5,253	6,759
Earnings Before Income Taxes	593	2,349	4,128	3,356	3,095
Income tax expense	118	716	1,083	1,010	937
Net Earnings	\$ 475	\$1,633	\$ 3,045	\$ 2,346	\$ 2,158

	1Q06	2Q06	3Q06	4Q06	1Q07
Earnings - Basic	\$ 0.49	\$ 1.79	\$ 3.50	\$ 2.71	\$ 2.50
Earnings - Diluted	0.44	1.63	3.17	2.41	2.26
Dividends paid	0.25	0.25	0.25	0.25	0.35
Book value	37.19	37.18	40.22	41.35	41.95 est.

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Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

Percentage of Quarterly Net Revenues  
(unaudited)

	1Q06	2Q06	3Q06	4Q06	1Q07
Net Revenues					
Principal transactions	24.9%	14.4%	16.9%	25.5%	27.7%
Commissions					
Listed and over-the-counter securities	11.9%	12.0%	8.3%	10.6%	10.8%
Mutual funds	6.1%	5.8%	4.3%	5.6%	5.3%
Other	1.6%	1.1%	0.9%	1.4%	1.1%
Total	19.6%	18.9%	13.5%	17.6%	17.2%
Investment banking					
Underwriting	9.8%	11.3%	6.7%	14.3%	11.3%
Strategic advisory	3.1%	3.6%	2.6%	3.3%	4.0%
Total	12.9%	14.9%	9.3%	17.6%	15.3%
Managed accounts and other fee-based revenues					
Portfolio service fees	9.4%	9.8%	8.1%	9.7%	8.8%
Asset management fees	7.8%	7.8%	6.6%	1.7%	1.5%
Account fees	1.4%	1.4%	1.1%	1.3%	1.1%
Other fees	2.5%	2.7%	2.2%	2.5%	2.3%
Total	21.1%	21.7%	18.0%	15.2%	13.7%
Revenues from consolidated investments	1.3%	2.3%	2.1%	0.8%	1.3%
Other	6.8%	13.6%	7.8%	9.4%	11.2%
Subtotal	86.6%	85.8%	67.6%	86.1%	86.4%
Interest and dividend revenues	108.7%	118.6%	107.9%	134.1%	131.5%
Less interest expense	95.3%	104.4%	95.4%	120.2%	117.9%
Net interest profit	13.4%	14.2%	12.5%	13.9%	13.6%
Gain on merger	0.0%	0.0%	19.9%	0.0%	0.0%
Total Net Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Non-Interest Expenses					
Compensation and benefits	72.1%	48.7%	39.9%	38.6%	49.6%
Communications and technology	5.7%	5.2%	4.9%	5.5%	4.9%
Brokerage, clearing, and exchange fees	3.2%	3.3%	2.8%	3.4%	3.1%
Occupancy and related depreciation	3.0%	3.0%	2.6%	2.9%	2.7%
Professional fees	2.5%	2.4%	2.3%	3.1%	2.3%
Advertising and market development	1.8%	2.3%	1.7%	2.2%	1.6%
Expenses of consolidated investments	0.6%	1.8%	1.4%	0.5%	0.6%
Office supplies and postage	0.7%	0.7%	0.5%	0.7%	0.6%
Other	3.0%	3.9%	2.2%	4.1%	3.2%
Total Non-Interest Expenses	92.6%	71.3%	58.3%	61.0%	68.6%
Earnings Before Income Taxes	7.4%	28.7%	41.7%	39.0%	31.4%
Income tax expense	1.4%	8.7%	11.0%	11.7%	9.5%
Net Earnings	6.0%	20.0%	30.7%	27.3%	21.9%
Common shares outstanding (in millions):					
	1Q06	2Q06	3Q06	4Q06	1Q07
Weighted-average - basic	883.7	885.4	855.8	847.4	841.2
Weighted-average - diluted	981.1	973.3	945.3	952.2	930.2
Period-end	933.4	898.1	883.3	868.0	876.5

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

Supplemental Data (unaudited)			(dollars in billions)		
	1Q06	2Q06	3Q06	4Q06	1Q07
Client Assets					
U.S.	\$ 1,381	\$ 1,370	\$ 1,412	\$ 1,483	\$ 1,503
Non - U.S.	121	124	130	136	145
Total Client Assets	1,502	1,494	1,542	1,619	1,648
Assets in Annuitized-Revenue Products	560	559	578	613	633
Net New Money All Client Accounts (1)	\$ 18	\$ 7	\$ 14	\$ 22	\$ 16
Annuitized- Revenue Products (1) (2)	13	10	7	18	16
Balance Sheet Information: (3)					
Short-term Borrowings	\$ 14.4	\$ 17.5	\$ 14.3	\$ 18.1	\$ 22.1
Deposits	81.1	79.4	77.9	84.1	84.9
Long-term Borrowings	134.7	140.0	160.4	181.4	205.2
Junior Subordinated Notes (related to trust preferred securities)	3.1	3.1	3.1	3.8	3.5
Stockholders' Equity: (3)					
Preferred Stockholders' Equity	3.1	3.1	3.1	3.1	4.7
Common Stockholders' Equity	34.7	33.4	35.6	35.9	36.7
Total Stockholders' Equity	37.8	36.5	38.7	39.0	41.4
Full-Time Employees (4)	55,500	56,000	55,300 (5)	56,200	60,300
Private Client Financial Advisors (6)	15,350	15,520	15,700	15,880	15,930

Note: Certain prior period amounts have been reclassified to conform to the current period presentation.

(1) GWM net new money excludes flows associated with the Institutional Advisory Division which serves certain small- and middle-market companies, as well as net outflows in the Amvescap retirement business and the Advest acquisition prior to its system conversion in early March 2006. Net new money also excludes net inflows at BlackRock from distribution channels other than Merrill Lynch.

(2) Includes both net new client assets into annuitized-revenue products, as well as existing client assets transferred into annuitized-revenue products. Includes net flows from the majority of annuitized-revenue products but excludes flows in the Amvescap retirement business, as well as certain other annuitized-revenue products.

(3) Balance Sheet Information and Stockholders' Equity are estimated for 1Q07.

(4) Excludes 300 full-time employees on salary continuation severance at the end of 1Q06 and 2Q06, 200 at the end of 3Q06, 100 at the end of 4Q06, and 200 at the end of 1Q07.

(5) Excludes 2,400 MLIM employees that moved over to BlackRock at the end of 3Q06.

(6) Includes 140 Financial Advisors associated with the Mitsubishi UFJ joint venture at the end of 2Q06, 150 at the end of 3Q06 and 4Q06, and 160 at the end of 1Q07.

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